

ARE CONVERTIBLE.

REVISOR'S NOTE: Subsection (a) of this section presently appears as Art. 23, §20(c). It has been reworded to clarify that the board must set the price of shares whenever the corporation issues them.

Subsection (b) of this section synthesizes provisions presently appearing in Art. 23, §§ 20(c) and 22(c). Language relating to the effect of a valuation "stated in the charter" is derived from §22(c).

Subsection (c) of this section presently appears as the first sentence of Art. 23, §20(g). The last sentence of §20(g), which excepts stock dividends from shareholder approval, now appears in §2-204(c). The present provisions of §20(g) which specify that the actual value of consideration in a stock dividend is the amount of capitalized surplus are deleted as unnecessary.

Subsection (d) of this section presently appears as Art. 23, §20(i).

Subsection (e) of this section presently appears as Art. 23, §20(e).

The only other changes are in style.

2-204. REQUISITES TO ISSUANCE.

(A) LIMITATION IN CHARTER OR BYLAWS.

A CORPORATION MAY NOT ISSUE STOCK OR CONVERTIBLE SECURITIES IN VIOLATION OF A LIMITATION OR RESTRICTION CONTAINED IN ITS CHARTER OR BYLAWS.

(B) WHEN STOCK OUTSTANDING.

IF STOCK OF THE CORPORATION IS OUTSTANDING AND ENTITLED TO BE VOTED AT THE TIME THE BOARD OF DIRECTORS ADOPTS A RESOLUTION AUTHORIZING THE ISSUANCE OF ADDITIONAL STOCK OR CONVERTIBLE SECURITIES, THE CORPORATION MAY NOT ISSUE THE STOCK OR THE CONVERTIBLE SECURITIES UNLESS:

(1) THE CHARTER PERMITS THE BOARD OF DIRECTORS TO AUTHORIZE THE ISSUANCE;

(2) THE CHARTER DOES NOT REQUIRE STOCKHOLDER APPROVAL OF THE ISSUANCE, AND THE ACTUAL VALUE OF THE